BACKGROUND BRIEFING BY SENIOR DEFENSE OFFICIAL AND SENIOR ADMINISTRATION OFFICIAL ON ISSUES AND PURPOSES OF TRIP TO KOREA SEOUL, KOREA APRIL 20, 1994

The following background briefing is attributable to a senior defense official and to a senior administration official.

SENIOR DEFENSE OFFICIAL. (The purpose of Secretary Perry's trip) had been to, first, get to know his counterpart, Defense Minister Rhee, and through the meeting with him and through the very intense consultations that he had with him to reaffirm, first, the importance of the alliance but also to ensure that we have in place a productive and effective consultative process

Secondly, to ensure that we have a common understanding of the problem today, that being of course the threat from North Korea.

Thirdly, that we have a common approach to dealing with that threat and then, fourthly, the Secretary's purpose on this trip was to review, in some depth, with General Luck and the senior officers of his command the actual state of readiness of our forces as well as those of our allies, the ROKs who would come under his command in the event of any hostilities. You can see that our objectives were not exactly the same as the sequence of our meetings today. We started out with General Luck and looking at the readiness issue and it ended up at looking at the overall, sort of, conceptual issues with our ROK senior officials that is, conceptual issues concerning the nature of the problem and the ways to deal with it

Let me say that it was very clear, I think, in all of the four meetings that we had with the senior Korean officials, that, first of all, they expressed very unanimous views indicating a great amount of agreement amongst themselves and clearly a very solid front within the South Korean Government concerning the view of the threat from North Korea and the ways to deal with it.

In the context of the conversations between Secretary Perry and them, all agreed that there is currently no imminent danger of any military confrontations, certainly no imminent danger of war with North Korea. It was also agreed that we, for our part, will not initiate any hostilities or any attack on North Korea. Secondly, that we will deliberately provoke North Korea into attacking South Korea. However, in order that North Korea not miscalculate and itself feel free to exploit what it may perceive as a weakness on the part of the readiness of the South Koreans and their American allies to defend South Korea we also resolved again the firm intent to maintain a very high state of military readiness.

. . . .

Busically, the principle that all agree upon was that the first priority is to press forward vigorously and robustly with the diplomatic effort to resolve the North Korean issue. And secondly, to remain firm in our overall state of military readiness. It was agreed that, and I think this is a very important point... it was agreed that if our current diplomatic efforts fail, and as you know we have been pursuing diplomatic efforts for just about over a year and we have been doing it very patiently. We have kept the door open to the North to achieve its objectives—that is address its concerns in the economic area and the security area on essentially the two conditions you know so well. First, that they are to permit the IAEA to inspect their nuclear facilities and, secondly, that they also engage in a meaningful dialogue with the South Koreans, especially aimed at denuclearization of the Korean peninsula, something to which the North Koreans agreed way back in 1991.

We affirmed that we would continue to pull out all stops, so to speak, to keep that door open. But that if, even after of all of our patient efforts, the North does not respond positively to this process and especially if it goes forward in the months, weeks, whatever ahead in refusing to let the IAEA come into finish the inspections that it started last month in March, and most particularly, if it moves to defuel it 25 megawatt reactor without IAEA supervision and inspection and thus we loose control over what happens to the plutonium that could be produced from the fuel extracted from the core of that reactor then it is altogether appropriate, we agreed, to go to the UN Security council and ask for sanctions

As I have said our South Korean allies all unanimously agreed this afternoon that that is the proper course to follow

QUESTION But not before you reach the point of defueling which could be sooner, could be later (cross talk)

QUESTION Is that when there is going to be sanctions?

SENIOR DEFENSE OFFICIAL. There are no fixed dates. Let's say what we are focused on now is a diplomatic process which is really quite active.

QUESTION—If the defueling issue is put off say for four, five, six months and in the meantime there is no inspection still, sanctions will not be pursued, only when you reach the point of defueling without the supervision?

SENIOR DEFENSE OFFICIAL. I think that it is difficult to answer that without first getting the expert technical opinion of Dr. Hans Blix and the people in the IAEA. We have not consulted with him in the last day or two and I am not sure of what his assessment is of the current situation. It isn't clear at all when the North Koreans might seek to define and reload their 25 megawatt reactor.

QUESTION You mean by the end of July?

SENIOR DEFENSE OFFICIAL. Yeah. In theory there were technical reasons to do it I think about a year ago. They seem to have put it off. I think the process of our negotiations over the past year, in fact, has in effect sort of frozen their program, their overall program, which I must say, is a success of our diplomatic efforts. Even though we have not resolved the problem, so to speak, at least we have now kept it from getting out of control. Our highest priority now is to ensure that we continue to keep it under control. But obviously as time passes and the clock ticks, it becomes more and more difficult to do that, because then you start to face certain technical problems as the need to refuel or defuel that reactor—and then try to gain some knowledge about what happens to the fuel that is extracted, and make sure that is it is not diverted into the production of fissile materials. So that does put added energy into the diplomatic process and does raise the overall level of concern. No question about it.

QUESTION: I am not sure about two things. One, how does this change what your position was on these sanctions before and, two, I guess I am unclear about the timetable Could this go on if they decided not to make a decision about defueling until November, would this go on until November before you move into the sanctions phase?

SENIOR DEFENSE OFFICIAL: Well I think again, we have to rely upon Dr. Blix to determine much of the timing as to when we might have to go back to the UN Security Council if what we've got in train now in the way of diplomatic offers to North Korea "come a cropper" If there is no response from North Korea, then I think Hans Blix will have to return to the Security Council, probably sometime in May, and make a report on whether or not he is able to maintain safeguards, continuity of safeguards that is, and obviously report the negative news that he was not able to finish the inspections.

Questions But isn't this where we left things at the end of the last Security Council.

SENIOR DEFENSE OFFICIAL. That's right. When the President made the statement and called for...

QUESTION ... so this doesn't change policy?

SENIOR DEFENSE OFFICIAL. No. Things are constant in that regard. The policy has not changed, really everything that I've talked about here really is absolutely consist with what we have been doing over the past year. Today's activities I think were really an effort to reaffirm that we had a common understanding with our close allies on this issue, that we were still, both sides comfortable with our diplomatic approach and also with our resolve to maintain the needed level of military preparedness as a deterrent against any, let's say, miscalculation or adventurous step on the part of North Korea or, if necessary, in order to defend against any attack North Korea.

(Senior Administrative Official enters room | Cross talk)

SENIOR DEFENSE OFFICIAL—If just gave a quick run down on sort of the highlights of the day's activities and the schedule, the agenda, the principle areas of agreement in terms of how we and the ROK see the North Korean problem and the ways to deal with it; the need to maintain military readiness but also the first priority to continue to press forward vigorously with our diplomatic effort

QUESTION: Can I ask the two of you to sort of address what our position is towards working level talks with North Korea. There was a statement made by Mike McCurry in Washington, apparently, yesterday that addressed the issue. I saw a Japanese press report in a South Korean newspaper, so it's like fourth hand by the time it got to me, but the account made it sound as if we are going to have working level talks by the end of the week. What is our position on working level talks? What conditions exist for such talks?

SENIOR ADMINISTRATION OFFICIAL. We don't have conditions. If you mean by working level talks, the kind of Tom Hubbard/Gary Seymour talks in New York that we have at the mission. We have those talk as necessary when both sides think that they are useful. We can have them tomorrow, we can have them next week. We don't stand on principle on those. It isn't like the third round where we say that there is a basis for the dialogue that has to be met. Whenever it kind of mechanically appears that its going to be useful, we do it.

QUESTION Do you have plans for such talks?

SENIOR ADMINISTRATION OFFICIAL. We are hoping that as a result of the discussions that we will have completed this week, this round, I just came from Beijing, I have been here this week in Seoul, the Secretary of Defense is here, we are both going to Tokyo, we have had the UN Security Council resolution, excuse me, the UN. Security Council Presidential statement and we also have a sense of urgency as a result of that Presidential statement and the connection of the statement to the timetable that the IAEA is on, that when you put all that together there will be a sufficient basis for going back to try to regenerate the dialogue with the North so that we can eventually get to a third round. All of those words are not meant to say that we are going to do it before the end of this week or I know exactly what date. But, yes, we would like to engage the North again and with the idea that we would get to a third round through another agreement. We've said we had on the table all along the February 25th agreement and agreed conclusions, whatever they were called as a basis and the principles of that agreement are still ones that we'd be willing to proceed on

QUESTION Are you talking about working or high level?

SENIOR ADMINISTRATION OFFICIAL. I referred to both just now

QUESTION. When you expressed hope that you soon. ?

SENIOR ADMINISTRATION OFFICIAL: What I am saying is that after we finish this round, this diplomatic round, and in light of the Presidential statement and we also, I guess, which you take note of some statements that have come out of Pyongyang in recent days will find a basis for beginning the working level talks again in New York, presumably in New York, to try again to see if we can't reinvigorate the February 25th arrangements updated so that we can get to a third round.

QUESTION: Do they have to do anything? Des the North have to do anything before we walk into the working level talks?

SENIOR ADMINISTRATION OFFICIAL. I wouldn't put it that way, unnecessarily, I would say that we will assess the circumstances of what we understand is the North's position and see whether there is any basis for thinking that the renewal of discussions in New York would be productive. I don't think I feel comfortable with going beyond that into the details, but I wouldn't put it in terms of any condition that they have to meet, I think we would just assess...take the temperature.

QUESTION: The reason I ask is that...South Korean Foreign Minister Han said that there was a condition that they had to promise to resume the uncompleted inspections

SENIOR ADMINISTRATION OFFICIAL No. I don't think there is. I think there is a misunderstanding.

QUESTION: I asked him three times. I think he was very clear.

SENIOR ADMINISTRATION OFFICIAL—Actually, I think there is a misunderstanding, I don't know that, I said I think there is a misunderstanding. My view, my opinion is that the Foreign Minister is unlikely to have laid down pre-conditions for working level discussions.

QUESTION. He did itpublicly and at a press conference.

SENIOR ADMINISTRATION OFFICIAL. Well, I hear what you just said and I trust you heard what I just said

QUESTION Would you go into 'Team Spirit' and what, if anything, is different about this statement from previous policy and what are the implications?

SENIOR ADMINISTRATION OFFICIAL. Do you have the statement that was issued? Can I just look at it before I comment on it and how its different?

(Cross talk.)

QUESTION Can you tell us how its different?

QUESTION. I mean you didn't set November before, right?

SENIOR DEFENSE OFFICIAL. No, that's true

QUESTION So that basically gives them about seven more months?

SEMOR DEFENSE OFFICIAL Right, we've decided on a time...

QUESTION: What's magic about November?

SENIOR DEFENSE OFFICIAL Oh I think that the military leadership from this side and the Korean side, in association, in essence decided that November was a convenient time given that it follows the harvest...minimal damage to people's.

QUESTION. Not to put too fine a point on it, are you talking about by November, meaning the end of September?

SENIOR DEFENSE OFFICIAL. Well the way we put it is the November time frame so I suppose that is plus or minus

QUESTION: Are we finished with 'Team Spirit' questions

QUESTION. Did you get the 'Team Spirit' question answered?

ANSWER: Yes.

QUESTION: I wanted to ask about a comment that a senior defense official made before you came in the room. This is the ruling out of preemptive action. Is this new? You said that there was sort of a formal agreement that we wouldn't take any preemptive action. Did I get you right on that?

SENIOR DEFENSE OFFICIAL. We stated very unequivocally, in principle, that we would not initiate any attack on North Korea.

OUESTION Did the South Koreans ask the U.S. to make that statement?

SENIOR DEFENSE OFFICIAL— at this time. I don't think this is new at all. Perry said this before and at this time. You can not rule it out forever

QUESTION So we didn't rule out anything in the future?

SENIOR DEFENSE OFFICIAL. No At this time we would certainly not initiate any attack. We don't see war as being imminent, either from the perspective of what we think is smart to do in response to the challenge from North Korea or the way we assess the

posture of North Korea. We just don't see war as being imminent. 'Imminent,' maybe even sounds too...

QUESTION Beyond November?

SENIOR DEFENSE OFFICIAL: Yeah. I'm trying to be too careful. I'm trying to define a very short time frame ahead of us. For the indefinite period ahead we don't see any threat of military action. Let me put it that way.

QUESTION: I would just like to go backwards for a second. How big would 'Team Spirit' be if it took place in November?

SENIOR DEFENSE OFFICIAL: I think it would be roughly the size of all past "Team Spirits'

QUESTION: Which is roughly what?

SENIOR DEFENSE OFFICIAL: Well, I can measure in terms of numbers of people I guess, is one way. We are talking roughly about one hundred thousand.

SENIOR ADMINISTRATION OFFICIAL. About one hundred thousand is right.

QUESTION: How many Americans?

ANSWER. It very greatly from year to year. It depends on how many come over from the States.

QUESTION You don't have a notion of what this November would look like?

SENIOR DEFENSE OFFICIAL. We resumed planning for it so we're ready to do it

QUESTION. You sort of tried this carrot and stick approach with 'Team Spirit' already and the North Koreans didn't respond. Are there any reasons to think that it might work out differently this time?

SENIOR ADMINISTRATION OFFICIAL. Its not like they didn't respond, they said 'yes'. They responded and we had a deal. They didn't fulfill their part of the deal, I mean, that's how we look at it. There are four moving parts, one moving part was completion of the inspections, the other moving part was the agreement to exchange envoys, those were their two moving parts. Our two moving parts was suspension of 'Team Spirit' and the agreement to go to a third round. They didn't complete the inspection and they wouldn't go to an exchange of envoys before the third round and so the suspension of 'Team Spirit' was unsuspended and we didn't show up for a third round I mean, I'd put it this way, they didn't complete the deal. We have said all along, however, that notwithstanding, we are prepared if they will indeed honor the commitments to those

elements to return to those elements there are the four elements: the 'Team Spirit' element, the third round element, the compliance with the IAEA safeguards as required for continuity of safeguards element and the inter-Korean dialogue element. If we can put the package together again with those four elements in it, we are prepared to make the deal

QUESTION—Is the 'Team Spirit' statement concocted roughly as follows, we wanted them to make some kind of public statement about a date and they wanted to make clear that it would be suspended again and the two sides met in the middle? Is that a statement that...

SENIOR ADMINISTRATION OFFICIAL. I described what the deal was. As soon as the deal didn't work, as far as I think we and the South Koreans were concerned, 'Team Spirit' became unsuspended. It remained as something that would need to be rescheduled and we all said we would reschedule it and we have to talk about rescheduling it and then when it was rescheduled we would have to plan to do it. And what you have today is a more explicit statement of when it would be rescheduled for and the time frame and that the planning would take place so you could do it then

SENIOR DEFENSE OFFICIAL. Yes, that is essentially it, as _____ said, since the North Koreans didn't put in place one of their moving parts, we had to fiddle with ours and ...

QUESTION Let's see if we can come closer to the question I was asking which is ...

SENIOR DEFENSE OFFICIAL. Well, there is another point too which we haven't made and that is that 'Team Spirit' really does fulfill a function here, and that is that the longer this issue goes on and diplomatic solutions aren't forthcoming the greater is the need for us to maintain a military readiness. 'Team Spirit' is an essential element in doing just that. So it has much more than a simple meaning of being a diplomatic chip to play...to manipulate

QUESTION. I don't want to be a stick in the mud here, but I was wondering though if we basically wanted them to make kind of an autouncement about this and they wanted to make sure that there was a clear expression that this could be canceled again if the North Koreans went back to doing what they had promised to do before and the two sides met in the middle and that's how you concocted this specific statement you got to today?

SENIOR ADMINISTRATION OFFICIAL. I was in the room and I don't know that I could reconstruct it that way. There was an agreement that the elements here were, between the ROK and ourselves, there was agreement that we were going to have Team Spirit unless there was, again, a diplomatic reason for not having it. There is agreement that we were not going to have it tomorrow, actually, in a more mil-mil context it came out in the fall, therefore, in the November time frame. I think, all along, we knew that diplomatically we wanted to, pardon the expression, leave it on the table. I don't know that I know much more about

QUESTION: Wasn't the U.S. position initially at the time when 'Team Spirit' was put back, was reinstated, that there was, I think, a majority of policy makers in the administration that did not want it to be subject to subsequent cancellations.

SENIOR ADMINISTRATION OFFICIAL. You mean the principals had a meeting and we took a vote and the majority decided ...no, never happened.

QUESTION. I don't know about a vote ...but there were some, including your boss?

SENIOR ADMINISTRATION OFFICIAL. No. 1 would say that is inaccurate.

SENIOR DEFENSE OFFICIAL: It is clear we are talking about 'Team Spirit' 94 here, right?

QUESTION: Yes...I'm referring to other policy makers including your boss.

SENIOR ADMINISTRATION OFFICIAL. When I said that I said I would say its innacurate in your statement that a majority of the policy makers wanted to avoid having Team Spirit be subject to diplomacy, I would say that is inaccurate. With respect to what Secretary Christopher thought, I really don't know.

QUESTION: The other thing I was wondering if you could address, is the issue of what kind of military improvements that they agreed to make today. There were two statements made by them that alluded to military force improvements that they have agreed to make. One by these are both public statements too...one by Colonel Parks, the Chief of Combat Intelligence for the JCS in the ROK. He said that there were some time-critical things that would be implemented earlier than scheduled. Several examples included enhancement to our artillery forces—and improvements in night operations capability, special forces equipment and communication equipment. Whats all that mean?

SENIOR DEFENSE OFFICIAL. What General Luck and his command have been discussing for some time with the Republic of Korea Forces with which he works daily and on a very close basis. And indeed what we have been discussing at a political-military level with the Republic of Korea for the last couple of years by way of getting a greater interoperability among ourselves and basically strengthening our overall state of readiness has been the need for the ROK to acquire, in many cases, weapon systems or hardware of various types which are complimentary to that which we have and which then would make it easier for us to operate in the field as a well integrated force should the balloon ever go up. And this effort has been underway, really long before the North Korean issue raised its head as this being one that causes the kind of concern that it does today. To get specific, the kinds of things, I think, the kinds of things the ROK military was referring to today by way of force improvements are increasing their ability to deal with night-fighting situations—their acquisition of such pieces of hardware as night vision goggles, GPS units that individual soldiers would have so that they can orient themselves better at night particularly during special operations-kinds of environments. As you know, the North

Koreans possess a very formidable special operations force, perhaps the largest one in the world, and therefore the Republic of Korea forces have to counter that. They know that very well—In order to do that best, one does it with none has to realize that its done usually at night and, therefore, there is a need to acquire these night vision devises and the like. Also, I think I mentioned communications gear and this gets...

(momentary pause for change in tapes)

... So its basic upgrading of their equipment in that sense

QUESTION. I'm sorry, what does it mean that they decided to do this earlier than scheduled. How early, they said today of through your consultations that they are going to go out and buy ten thousand night vision goggles by next Tuesday? I mean, how specific did they get?

SENIOR DEFENSE OFFICIAL. They really weren't specific. I mean, these are things that we have been discussing with them for some time. Like any nation that looks at its annual budget and purchasing plan, it establishes a set of priorities. I think what has happened, and this is rather new to us too when we saw it in this announcement, they have reordered their priorities in a way that systems they may have thought were the high priority this year, they're going to put off for a year or two and, instead, move up the priority on the acquisition of some of this equipment that would allow them to increase their capacity to fight during night time.

QUESTION How rapidly would they be able to get hold of this stuff, do you think?

SENIOR DEFENSE OFFICIAL. Oh, I think very rapidly.

QUESTION: Weeks? Months? This year?

SENIOR DEFENSE OFFICIAL Most of this stuff, I would think, is sort of off the shelf—the kinds of stuff that is readily available in stocks

QUESTION So they are going to buy it in coming weeks?

SENIOR DEFENSE OFFICIAL. I'm not absolutely sure, frankly, but I would think its possible to do it in the coming weeks

QUESTION I was amazed that they didn't already have counter battery radar.

SENIOR DEFENSE OFFICIAL Well, they do In fact, they have two sets of counter-battery radar. They have the TPQ-36 and 1 think they are trying to buy another nine sets over time. I'm not sure over what period of time. I'd have to check that

QUESTION What about the 379

SENIOR DEFENSE OFFICIAL. They're going to buy some 37's as well. They are going to have some 36's and then pick up some 37's as well which gives them a longer range...

QUESTION: That's nine additional sets?

SENIOR DEFENSE OFFICIAL. Yeah, I believe its nine additional sets, right ...with some counter fire capability. Artillery and rockets that go along with it which, once one has determined a location of an enemy battery, one can then immediately attack it. As you know, the artillery threat here in this theater is very, very formidable. Its estimated that the North Koreans have some 11,000 tubes. About twice as many as our combined forces have. As you also know, I think, those tubes are most of them, are deployed quite forward. That is, fairly close to the military demarcation line, many of them within range of this city. The high priority is to take on that artillery threat right up front and very quickly and, therefore, these Q-36 and Q-37 radars play a very, very key role.

QUESTION. Just to clarify, is this a case where they were hoping to develop an indigenous system and, instead, they are buying ours?

SENIOR DEFENSE OFFICIAL: Not to my knowledge. I can't be absolutely sure but I don't think this is a case where they were

QUESTION: ...because they weren't in a hurry to get it until recently...What convinced them to be in a hurry to get it?

SENIOR DEFENSE OFFICIAL. One reason is that the North has been surprisingly quick in increasing the number of its batteries, especially those that are dug in rather well in the granite mountainsides up north across the demarcation line aquicker than people would have expected. We've had to augment our counter battery radar and fire systems more rapidly than we thought.

QUESTION Did that happen recently, the increase in artillery pieces along there?

SENIOR DEFENSE OFFICIAL. Well, yeah recently, I mean in the sense of lover the last couple of years there has been a tremendous increase.

QUESTION: What does nine sets mean?

SENIOR DEFENSE OFFICIAL and an increase in particular types...

QUESTION. Is that a lot or a little, I mean that's nine sets of...How do I translate that into something that a reader could understand? I mean, how many sets do they have now? Is this like a doubling, a tripling, a quadrupling of.

SENIOR DEFENSE OFFICIAL. Well they have two sets now and they're going to acquire nine more, that would be an increase by a factor of five, I guess.

QUESTION. And that gives them a capability to do what more?

SENIOR DEFENSE OFFICIAL. The capability to cover a much larger area of the front.

QUESTION: The 36's are mainly for mortars aren't they? Not for artillery?

SENIOR DEFENSE OFFICIAL: No. 36's can also track artillery. Its a question of range.

QUESTION: Is nine for both types?

SENIOR DEFENSE OFFICIAL ... its for Howitzers, mortars. large caliber mortars, small caliber mortars ... as well as artillery. I think, in the range of up to 30 KM. Whereas 37's will go well beyond that

QUESTION: Are these things expensive? Do you know how much buying nine sets will cost them?

SENIOR DEFENSE OFFICIAL. I don't think I could write a check for one unless my wife's been hiding money on me. No, they're not cheap but I guess as military hardware goes its also not outrageously expensive. You're talking a fairly modest amount of money, about a Million dollars or so

QUESTION: Just to clarify nine is the total of 36's and 37's combined?

SENIOR DEFENSE OFFICIAL 1 believe that's true, yeah.

QUESTION: But that's not something that was decided on today...

SENIOR DEFENSE OFFICIAL. No, that was not something that was decided upon today. That's been in the works

(Cross talk)

QUESTION Perry said that we've also recommended a greater emphasis on tactical helicopters, Apache helicopters for example, and precision-guided anti-tank munitions. Did they promise anything along those lines?

SENIOR DEFENSE OFFICIAL Let's see. We have discussed the issue of, again, in the night fighting environment the need for them to acquire systems that would allow their Cobras to see at night and, therefore, be more effective in that environment. They are planning to acquire some Apaches. I'm not sure just when. If you don't mind we can take

that as sort of a taken question and try to get you an answer tomorrow. And I don't know how many either...

QUESTION: Do you know more than you knew the last time? Today, did they announce something new on that score?

SENIOR DEFENSE OFFICIAL: Not today. No. When I was here a month ago, they were talking about acquiring Apaches.

QUESTION: They probably don't have any Apaches?

SENIOR DEFENSE OFFICIAL. Currently they have none. We have them in our inventory here. They have Cobias.

QUESTION: ...and anti-tank munitions?

SENIOR DEFENSE OFFICIAL: And anti-tanks munitions. Actually, it turns out that they are pretty well stocked up with TOW, which is a very...sort of our top of the line anti-tank...particularly shoulder-fired or ground vehicle-fired anti-tank weapon or anti-armor weapon. And they've got lots and lots of them. I think what we're talking about in precision-guided anti-tank munitions, really, is that which would be launched from other platforms like helicopters. So, Mavericks, things like that.

QUESTION: Just a real quick one mone last one. On restarting working level talks, have you received any kind of indication from the North Koreans that they are interested in that at this point?

SENIOR ADMINISTRATION OFFICIAL. We have had (inaudible)...weeks...days... months...back and forth in the New York channel. As a general rule, we don't talk about every exchange in that channel and what I've been wanting to convey to you without misleading you at all is that we have tried to keep that channel one that really is without conditions so that its easy for us to meet with them in New York and whenever it looks like its a good idea, we will. What I want to tell you is that when it looks like its a good idea in the coming days, we will. I can't say that its going to happen this week, that's why when Jeff said or someone says "Is it going to be this week?" I can't say. We definitely are expecting or hoping that we will be able to get ourselves together with them at the working level to see if we can find a way to get back to the formulation for a third round and I don't want to go any further.

QUESTION. Can I start it, I mean someone has to ask, (inaudible)...is that it?

SENIOR ADMINISTRATION OFFICIAL. That's not even a big deal. I think what, in fact, we're looking for is a basis to think that exchanges in that channel are going to be helpful and enough things have happened since February 25th fell apart that we are hoping that in the coming days, weeks, whatever, we will get back together in that channel and try

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to get back to it if they want to. What I'm really trying to do is not mislead you and not tell you anymore than I want to tell you at this point...I just want to preserve that, that's all I want to do.

Thank you.

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